SEPTEMBER 7, 1964

HOW FARM MODERNIZATION
IS PROGRESSING IN JAPAN

BIG VARIETY MEAT EXPORTS

THE UNIVERSITY
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OCT 30 1964
PERIODICAL
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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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SEPTEMBER 7, 1964

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Japanese farmwife draws water from well; in background is the house in which she lives and at right, a segment of new home she will move to shortly. This photo and those on pages 3-5 were supplied by the World Bank.

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Japanese farm family in newly built home, Hokkaido

Japanese Farm Modernization Moves Ahead

By JOSEPH C. DODSON
U.S. Agricultural Attaché, Tokyo

Japan, which has had outstanding success in modernizing its industry since the end of World War II, is now striving to bring its agriculture up to date. Changes in the long-standing agricultural patterns are proving difficult and slow; still there is some progress. Also, there is strong agreement that the country's agriculture must become more efficient.

The traditional pattern of Japanese agriculture is well known: small farms, intensively cultivated, depending to a large extent on hand labor by all members of the farm family. Japan's 15 million acres of cropland are divided into about 6 million farms, for an average of 2½ acres per farm. On their small farms, the skillful and hard-working Japanese farmers have produced high crop yields, especially with the predominant rice crop.

This high land productivity has not, however, been matched by high labor productivity. A farm family of five or six persons working 2½ acres of crops cannot produce large returns per person, so that labor inefficiency is at the root of Japan's farm problem, resulting in high production costs and inability to compete with the more efficient agricultural industries of other countries.

Improvements in rural living conditions represent a part of the goal of modernization. Inadequate incomes have meant low living standards. The returns from long hours of work have not been sufficient to give the farmers adequate housing and other material comforts, or educational opportunities for their children. There has been some improvement in the past 10 to 15 years, but farm living standards still are generally well below those of non-farm households.

This relative unattractiveness of farm life has contributed to a steady outflow of young people from the rural areas, a fact of economic and social concern. Increased mechanization is helping to offset the labor outflow, but the small-scale farming presents a limit to what mechanization can achieve.

Agricultural law passed

Recognizing the urgent need for agricultural improvement, the Japanese Government in the mid-1950's appointed a "study committee" of experts to analyze the problem and recommend solutions. The committee submitted a report in 1960. It pointed to the fundamental problem as that of low income and resultant low standard of living. It singled out as contributing factors the low labor productivity, and defects in agricultural marketing and prices. At the same time, it recommended aggressive action to rationalize production and increase incomes, with basic changes in the agricultural structure.

The committee's report resulted in enactment in 1961 of the Agricultural Basic Law. The aim of the law was to modernize the agricultural structure through selected expansion of production, increase in productivity, stabilization of prices and improvements in marketing, and the modernization of farm management. This law, with subsequent implementing legislation and regulations, represents the current Japanese policy for agricultural improvement.

Among the changes which occurred as a result of the law was a relaxation in the previous restrictions on farm size and transfers of land. This was intended to encourage the development of larger, more efficient farms. The results in this direction have not, however, been impressive. Japan's farmers have a strong sentimental attachment to their land and show little inclination to sell, especially since

Above, barn and cattle on new pilot farm. Right top, farmer uses tractor to haul in his hay, and below, with hand tractor rice grower prepares his paddy field. In many areas machinery is bought cooperatively.

increasing land values have provided an incentive to hold on to their land. A recent Ministry of Agriculture survey indicates that there is a transfer of only about 1 percent of the farms annually. Thus there is only a very slight increase in average farm size from year to year. Farmland sales are mostly by part-time farmers with small holdings.

Anticipating slow progress in the enlargement of farms, the government has encouraged and subsidized a program for cooperative management, hoping to achieve some of the benefits of larger-scale farming within the framework of individual small farm ownership. In most of the prefectures there are cooperative pilot projects. Groups of 50 to 100 farmers are joining in management—pooling their labor, buying and using machinery cooperatively, and buying production supplies and marketing their products jointly. The fields are adjusted to uniform sizes, better adapted to machine cultivation, and the farmers' scattered holdings have been consolidated into contiguous areas through exchanges of land.

This is a costly program requiring government subsidies, and it is not yet clear whether the results will encourage extension of this cooperative approach. In any event, significant results cannot be expected for years.

Mechanization increasing

Real progress is being achieved in mechanization, stimulated by the outflow of farm labor as well as by the farmers' desire to improve efficiency. Draft cattle are being replaced by tractors, which in 1962 were estimated at 1,413,707, compared with 141,372 in 1956. Threshing and hulling of rice are done almost entirely by machine power. Small trucks are becoming fairly common in some of the more prosperous areas. The time-consuming jobs of planting and harvesting are still done almost entirely by hand, however. Combines are being tested, but the small size of fields is a highly limiting factor, and the grain loss is considered excessive.

Along with the program to improve farming techniques and management is a drive for better living in the rural areas. The number of home improvement agents of the Ministry of Agriculture has been steadily growing, and impressive results are being seen. Kitchens are being modernized, indoor plumbing installed, and other measures to better the home living standards are being pushed. Demonstration farm dwellings are attracting many Japanese housewives and encouraging them to make improvements in their own homes.

Japan's rural area is almost completely electrified. The percentage of farms with electric pumps for well water was 24 percent in 1963, up from less than 9 percent 5 years earlier. More than 30 percent of the farm homes have electric washing machines, 25 percent have electric ovens, and almost 10 percent have electric refrigerators. While these percentages are small by U.S. standards, they represent great progress in rural Japan. As for television, about 70 percent of the farm households have TV receivers—almost as large as the percentage for urban families.

Farm incomes show an encouraging upward trend too. The average income per farm household in 1962-63 was estimated at $2,174, compared with $1,073 in 1952-53.

Above, farmer plays with pig outside corral in which he keeps Jersey cattle. Right top, machine operator gets instructions from farmer about work to be done on his farm plot. Below, electrifying a newly built farmhouse.

These figures include income from off-farm employment, a sizable proportion—about 44 percent in 1962-63—of the total income.

Has meaning for the U.S.

What do these evolving changes in Japan's agriculture mean to the United States and to U.S. farmers?

Firstly, of course, the emergence of a more viable rural economy and a sounder social structure bolsters Japan's position as a strong and dependable partner to the United States and the Free World. And secondly, Japan is the largest foreign market for U.S. agricultural products (more than $600 million worth in 1963), and whatever affects Japan's agricultural production has a bearing on the market for U.S. farm products.

Japan now restricts the imports of a number of commodities, including grains, dairy products, and meats, in large part because its high-cost production could not stand the competition from the more efficient producing countries. But as farm production becomes more efficient and production costs are lowered, there will be less reason to maintain the barriers to imports from abroad.

It is not likely that Japan will be able to achieve any sizable increase in the total volume of its agricultural production. This, in fact, is not a primary aim of the modernization program. A more prosperous and efficient agriculture would, however, contribute to a more stable national economy, and thus enhance Japan's ability to import the increasing quantities of foods and fibers which the country will require.

Japanese girl collects the day's egg production. Japan has developed a modern poultry industry and has become a major user of U.S. feedgrains.

Record U.K. Grain Crop Coincides With New Grain Price Plans

This year looks like a record-breaking one for the United Kingdom's grain crop, with a total forecast at 12.2 million long tons. Crops are being harvested early under generally excellent conditions; wheat yields are very high and barley yields above average. This possibility of a bumper grain harvest has important implications for British purchases of grain from other countries—including the United States—during the current marketing year.

A coincidence of interest to both British and American farmers is the fact that this year of unusually heavy grain harvests in the United Kingdom is also the first year of operation for two interrelated U.K. grain pricing programs. (See *Foreign Agriculture*, Apr. 13, p. 4, and Apr. 27, p. 3.)

Since July 1, the United Kingdom's new Minimum Import Prices and Levies Scheme for imported grain has been in effect. This scheme is designed to prevent market prices of grains in the United Kingdom from falling to the low levels they have reached in years of heavy imports coinciding with peak marketings by U.K. producers. So far, prices have generally been above the stated minimums.

Also in operation now is the restyled price guarantee system for cereals. If production is above the "standard quantities" of 3.3 million tons (123 million bu.) for wheat and 6.5 million tons (303 million bu.) for barley—as it most probably will be, in view of reports on harvest and crop conditions—the deficiency payment to farmers will be cut. The payment will also be cut if grain prices fall below levels based on $1.50 per bushel for wheat and $1.14 for barely. The purpose of these measures, which are allied with control of the prices of imported grains, is to keep down Exchequer outlay on deficiency payments.

Production of wheat for 1964 is now forecast at 3.5 million tons (132 million bu.), higher than in any year except 1962 and nearly 18 percent above last year's. The area under wheat was 2.2 million acres, 14 percent more than last year's and exceeded only by the 1962 record.

Production and acreage of barley are both at alltime highs. Production is forecast at about 7.2 million tons (335 million bu.), beating the 1963 record of 6.6 million (309 million bu.). Area planted was 5.1 million acres—nearly 7½ percent more than in 1963 and more than 5 times as much as before the war.

In the 1963-64 marketing year, the United Kingdom imported 4.5 million tons of wheat—9 percent more than the year before, with the increase due partly to its reduced domestic crop in 1963 and partly to the belief earlier in the year that heavy purchases by the Communist countries might cause some tightness in the international wheat market. U.K. importers were therefore eager to insure supplies at an early stage in the crop year.

For feed grains, the 1963-64 situation was different. The total imported was 4.1 million tons, down 10 percent, with sharp declines for corn, sorghums, and oats outweighing an increase in barley. Fewer feed grains were needed because of the mild winter, which permitted livestock to be kept on pasture for much longer than usual. The conditions for livestock were in marked contrast to those of 1962-63, when the unusually severe winter led to a stepped-up demand for feed grains and feedstuffs.

—TURNER L. OYLOE
Assistant U.S. Agricultural Attaché, London

New U.S. Meat Import Legislation Enacted

Public Law 482, signed by the President on August 22, directs him to impose a quota on U.S. imports of fresh, chilled, or frozen meat of cattle, goats, and sheep (except lambs), beginning with calendar 1965, for any year when imports would otherwise rise 10 percent or more above an adjusted base quota.

The base quota is set by the law at 725,400,000 pounds. However, before each year begins, the Secretary of Agriculture will adjust this quantity up or down by the same percentage that he estimates the average annual domestic commercial production of these commodities during that year and the 2 preceding years is above or below average production for the 1959-63 period.

Before the first day of each quarter in the year, the Secretary will also estimate the total quantity of these commodities that would be imported during that year if no quota restrictions were in effect. If this estimate indicates an import rise of 10 percent or more above the adjusted base quota, the President is required to proclaim this import quota for that year.

The President may suspend any proclamation of a quota, or increase the total quantity proclaimed, if he determines that (1) such action is required by the overriding economic or national security interests of the United States, with special weight for the importance to the nation of the domestic livestock industry's economic well-being; (2) the supply of the commodities will be inadequate to meet domestic demand at reasonable prices; or (3) trade agreements entered into after the law was passed ensure that the policy set forth in the law will be carried out.

The Secretary of Agriculture is to allocate any quota among supplying countries on the basis of the shares they supplied to the United States during a representative period, except that he may take due account of special factors that have affected the trade in the commodities involved, or that may do so. He will certify these allocations to the Secretary of the Treasury.

Mexico Again Importing U.S. Essential Oil

Mexico's ban on shipments of U.S. essential oil of lemon—imposed early in 1964—was lifted recently as a result of protest from the U.S. Department of Agriculture. The removal of this barrier was a welcome concession in view of Mexico's general import policy which excludes a number of U.S. horticultural products. A similar ban on grapefruit juice, imposed at the same time, was not lifted.

The Mexican Secretariat of Agriculture reconsidered the ban after it was shown that there is no production of lemon oil in Mexico and little production of lemons. (The Mexican "lemon" is actually a West Indian lime.) It was also brought out that in 1963 U.S. exports of lemon oil to Mexico amounted to $51,000, while Mexico shipped $2.7 million worth of lime oil to the United States.

Strong European Demand Keeps U.S. Variety Meat Exports Rising

By GROVER J. SIMS
Livestock and Meat Products Division
Foreign Agricultural Service

A vigorous demand in Western Europe for variety meats has made these products some of the biggest gainers in the U.S. meat export trade in the last 14 years.

U.S. exports of variety meats during 1963 totaled 159 million pounds compared with just 2 million in 1950, and increased buying by the meat-short European countries is expected to drive the 1964 total as high as 200 million.

World's largest producer, consumer, and exporter of variety meats, the United States ships out about 10 percent of its domestic production, relatively high when compared with the export-production ratio of 0.6 percent for red meat. Most of these exports—86 percent in 1963—end up in West Germany, the United Kingdom, France, and the Netherlands, respectively the four largest U.S. markets. Smaller importers are Canada, Mexico, Sweden, Hong Kong, and Belgium.

Biggest money earners in these foreign markets are frozen pork livers and kidneys, frozen lamb kidneys, hearts, and tongues, and frozen beef tongues, livers, and kidneys. They go mainly into liver spreads, liverwurst, other sausages, and luncheon meats. Some, however, are defrosted and sold in the shops for sauteing, frying, boiling, or other home preparation.

Variety meats represent about the only type of meat for which the United States at present has a substantial market in Western Europe. U.S. exports of beef and veal nearly doubled in the first half of 1964 because of the increased buying brought on by the European meat shortage; yet at 23 million pounds, they were only a fifth as large as the 108 million pounds of variety meats shipped in the same period. New promotional efforts are underway to expand export sales of cattle, beef, and veal also.

Difference in eating habits

Probably the basic reason why U.S. variety meats have been so successful in the European markets is the difference between the European and American use of these products.

In the United States, variety meats are generally priced substantially below the carcass cuts and are not widely consumer "as is" by the public. Most end up being sold at low prices to the processing industry.

In Europe, they are used in everything, from gourmet cooking to sausage, and they often bring premium prices. Fresh beef livers, for example, sell in some of the countries at about the same price per pound as better cuts of beef, while in the United States, they sell at much lower prices. Frozen variety meats for the European processing industry, too, bring better returns, making it possible for the United States to compete with the other large variety meat exporters to Europe—Australia, Argentina, and New Zealand.

At the 1961-62 session of the General Agreements on Tariffs and Trade, the EEC duty on beef and pork variety meats was raised from an average of around 10 percent to a uniform 20 percent ad valorem. The U.S. delegation was, however, able to negotiate a binding of the duty at the 20-percent level. This means that variety meats are exempt from the additional variable levies under the Common Agricultural Policy (CAP) for pork already in effect, and the CAP for beef, to become effective later this year.

The EEC also agreed to eliminate all other trade restrictions on these items by the end of the transition period (about 1970).

Trade restrictions still prevalent

Numerous restrictions in the individual countries, however, confront U.S. exporters of variety meats.

Probably the most stringent of these are in West Germany. Under its Dollar Import Allocation procedure and inspection laws, that country limits imports from the United States mainly to beef and pork livers and kidneys. German inspection laws require that cattle livers be incised to expose certain glands and that certain glands remain on the pork livers for inspection purposes; these practices are not commonly performed in U.S. slaughtering plants. In addition, all entries of frozen products must be completely thawed for inspection, thus adding to import costs and making the delivered product less desirable.

The United Kingdom will not permit the entry of pork products because of the hog cholera situation in this country. And its Commonwealth Preference system favors British imports of beef variety meats (except sweetbreads and tongues) from Australia and New Zealand over those from the United States.

The French and Belgian governments have closely controlled imports. However, because of their rising need for variety meats, they have allowed additional amounts to enter from foreign countries, including the United States.

Italy continues to obtain most of its import requirements from other countries by the use of import quotas, and this market remains virtually closed to U.S. products.

Restrictions also abound in the minor importing countries of Sweden, Norway, and Mexico. Sweden controls imports of U.S. variety meats by the issuance of import licenses, special taxes on imports, and prohibiting takings of U.S. pork products because of the hog cholera situation in this country. Norway has similar restrictions, and Mexico simply fails to issue import permits to U.S. exporters.

Stepped up promotional efforts

While U.S. agricultural attachés and other diplomatic representatives are working diligently to have some of these trade restrictions lifted, the Foreign Agricultural Service is cooperating with U.S. firms to further boost sales under its market development program.

Last November, at the U.S. Food and Agriculture exhibition in Amsterdam FAS maintained a variety meats booth and held a meats conference in which leading representatives of the U.S. and West European meat industries participated.

At the LEFA International Food Fair in Hamburg, Germany, August 14-23, the American Meat Institute maintained a meat booth displaying beef carcasses and cuts and many types of variety meats. The Institute will also have a booth, featuring variety meats, at the SIAL Food Exposition in Paris this November, and it is expected that variety meats will be exhibited at several other international trade fairs during 1965.

The young and old pick the fragrant petals from the jasmine shrubs on a flower plantation near Khemisett, Morocco. These petals are the raw material from which the essence of jasmine is distilled. Most of the product is shipped to France for use in the perfume industry.

Morocco Produces Essential Oils and Spices for World Trade

Growing flowers and herbs for their essential oils and spices is a small but profitable industry in the North African Kingdom of Morocco, earning for that country over $1 million yearly in foreign exchange.

Of all the Mediterranean countries, Morocco is richest in variety and number of perfume- and spice-yielding plants. It is blessed with a flora which includes widespread growths of marjoram, thyme, pennyroyal mint, peppermint, rosemary, myrtle, anemone, laurel, rose geranium, jasmine, iris, and fennel as well as eucalyptus, cedar, and juniper. In addition cultivated field crops produce corriander and cumin to supply spices prized by chefs the world over.

Acreage for the main perfume yielders—rose geranium, peppermint, and jasmine—ranges from 3,220 acres to 5,755. Some plants, such as rose bushes, are interplanted in citrus groves while others—eucalyptus, cedar, and juniper—grow in the forest regions.

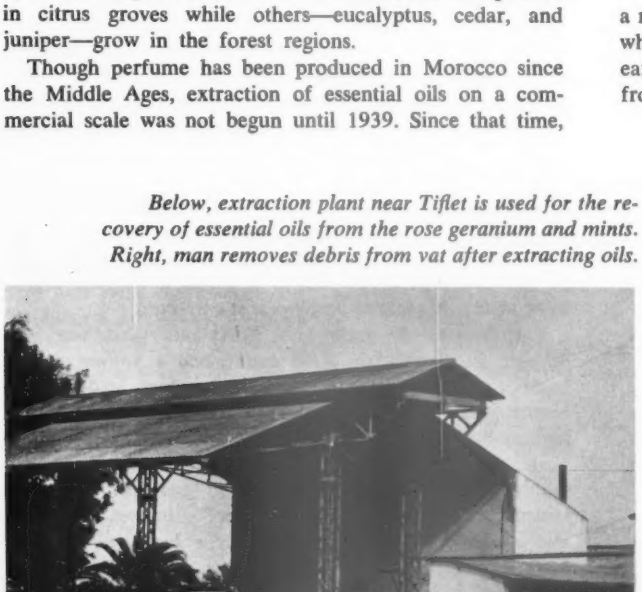
Though perfume has been produced in Morocco since the Middle Ages, extraction of essential oils on a commercial scale was not begun until 1939. Since that time, around a dozen industrial stills have been built, most operating during the respective harvest seasons of the rose geranium, the mints, the cedars, and the jasmine. Other species yield their essence to portable stills, of which nearly 100 are in operation.

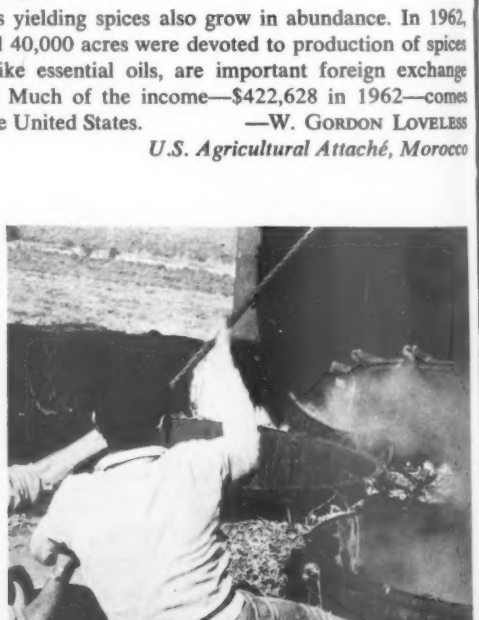
Total output from these stills is not easily determined. The estimated marketable production is believed to be between 100 and 200 metric tons. Though this is not a large quantity, it has a high market value. Exports, which account for a large percentage of the total production, in recent years have earned over $1 million in foreign exchange annually. Much of the oil is shipped to France for use in that country's perfume industry. The rest goes mainly to the United Kingdom, Spain, Canada, and the United States.

Plants yielding spices also grow in abundance. In 1962, a record 40,000 acres were devoted to production of spices which like essential oils, are important foreign exchange earners. Much of the income—$422,628 in 1962—comes from the United States.

—W. Gordon Loveless
U.S. Agricultural Attaché, Morocco

Below, extraction plant near Tiflet is used for the recovery of essential oils from the rose geranium and mints. Right, man removes debris from vat after extracting oils.





Italian Official's Visit to U.S. Seen Important Step to Entry of U.S. Poultry Parts in Italy

This month's visit to the United States by the head of Italy's Veterinary Service may help pave the way for U.S. exports of poultry parts to Italy, now third best customer for frozen U.S. turkeys.

The Italian official will inspect U.S. facilities and procedures for processing poultry as well as red meats. Currently, Italy prohibits imports of all poultry parts (thighs, wings, necks, and backs) because of a long-held belief that they may have been salvaged from the carcasses of unwholesome birds.

Since August 1962 when the Italian Government lifted the controls on other types of poultry, sales of frozen U.S. turkeys have climbed steadily to 1.8 million pounds last year. Key factors in these exports have been limited local production, competitive U.S. pricing, and promotion by the U.S. poultry industry's International Trade Development Board, which has been aimed at Italy's institutional buyers.

If U.S. poultry parts could gain access to the Italian market, they would not necessarily compete with locally produced poultry but instead could help expand the market. In a number of countries, like West Germany and Greece, the availability of U.S. poultry parts has actually boosted the demand for all types of poultry products through the consumer's introduction to a greater variety of poultry items.

Italy's per capita consumption of 11.7 pounds—though triple that of 8 years ago—is still 9 pounds lower than the highest in Western Europe, that of Belgium-Luxembourg. In the United States, per capita consumption is 38 pounds.

The prime stimulant to higher levels of poultry consumption in Italy will continue to be greater availability of the meat, at prices more consumers can afford. (Since January, a red-meat shortage has also upped the demand for poultry.)

Between 1955 and 1963, Italian production rose by 273 percent, and last year's output of 579 million pounds—second only to France's in Western Europe—represented a 79-million-pound increase from the 1962 figure. Much of the gain came from the use of U.S. breeding stock and adoption of U.S. broiler-raising practices. Though Italy's turkey industry is still in the infant stage, Italians have expressed interest in breeding turkeys similar to the U.S. type which is finding good consumer acceptance in Italy.

As a result of burgeoning production, Italy has cut way back on poultry meat imports. In 1955, Italy imported 39 million pounds, ranked second among Western Europe's buyers. Last year, its 7.5-million-pound purchases were the smallest on the Continent. The bulk of this business went to Yugoslavia and Hungary because of traditional trade ties between these countries and Italy.

Since reduced imports help ease Italy's balance of payments situation, Italian producers are being encouraged by their government to hasten the build-up of the poultry industry. In addition, poultry-raising is seen as an expedient means of bolstering low farmer incomes.

At the Varese Poultry Fair held this past June, producers indicated that continued growth depends partly on getting better distribution systems, more reliable price and production statistics, and government intervention to protect Italian producers from excessive competition from other Common Market countries.

Common Market Slashes Poultry Parts Levy

The recent reduction by the EEC Commission of the Common Market levy on chicken parts (chicken and turkey drumsticks and wings) of nearly 8½ cents per pound opens the way to increased marketing of this U.S. product in that area.

The Commission action modifies the procedure for calculating intra-Community and third-country levies on poultry products. The method of calculating the regular levies on poultry parts is based on the arithmetic mean of the levies on Type II broilers and turkeys. The conversion coefficient of 125 percent is now used only for breasts and thighs. The conversion coefficient of 50 percent, which was formerly applicable only to backs and necks, will now be used for all poultry products other than breasts and thighs.

This will reduce the levy on such poultry parts as chicken and turkey drumsticks and wings from about 14.0 cents per pound to 5.6 cents per pound.

The new rate may be of particular significance to U.S. exports of poultry parts to West Germany, the United States' biggest European customer for this product.

In 1963, poultry parts made up 36 percent of the 77.7 million pounds of U.S. poultry meat imported by West Germany. This was 91 percent of Germany's poultry parts imports.

Other EEC countries importing U.S. poultry parts last year were the Netherlands, Italy, and Belgium.

Exports of U.S. Cotton Reach Highest Level Since 1960-61

U.S. cotton exports in the 1963-64 marketing year which ended July 31 hit a 3-year high of 5.6 million bales —with roughly 60 percent going to seven countries where FAS carries on market development in cooperation with Cotton Council International.

Sales were up substantially to the seven countries, all dollar purchasers: Japan, Canada, Italy, West Germany, France, the United Kingdom, and Belgium.

U.S. cotton went to a total of 63 countries; exports to Soviet Bloc countries were the first since World War II.

The 5.6 million bales, which moved under various USDA cotton export programs, represent an increase of 2.2 million over the previous year.

Major factors in the larger U.S. exports were highly competitive prices, larger than usual purchases of competing cottons by Communist countries, and intensive U.S. promotion.

U.S. Soybeans Filling Bigger Share of Norway's Oil Needs as Supply of Marine Oils Slacks Off

U.S. soybeans have a bright future in Norway, if, as seems likely, Norway's whale and herring oils—on which the country depends for most of its edible oil needs—cannot keep pace with its margarine industry's demand for hardened fats and oils. Expected to fill the gap: soybeans—for their low price, high quality, and availability.

Per capita fats consumption in Norway, mostly in the form of margarine, at around 60 pounds per year, is one of the highest in the world. The margarine and other food industries absorb over 90 percent of the country's soybean oil crush, and are even bigger users of marine oils. Food industry purchases of the two oil types are now running in the ratio of 64 percent marine oil to 36 percent vegetable oil.

However, recent severe cutbacks in Norway's whale oil production plus year-to-year uncertainty in the fish catch is steering the margarine industry more and more toward vegetable oils. This movement is being heightened by the narrowing price advantage of hardened marine fats over soybean oil; the price of marine fats is now 13 cents per pound, that of soybean oil, 14 cents. Also because of low price, soybean oil ranks as front runner among other vegetable oils.

Fish oil production has, in general, been at low levels since 1958, and is estimated at 73,000 tons in 1963 compared with 84,900 tons in 1961. Troubled by the threatened extinction of whales, the International Whaling Commission drastically cut (by voluntary agreement among the Antarctic pelagic whaling countries) the 1964-65 Antarctic whaling quota.

Meanwhile, imports of soybeans—virtually all from the United States—have risen, reaching a new high of 94,128 tons in 1962-63 compared with 71,454 tons the previous year. Future import needs may climb to 165,000 metric tons per year, a figure based on total crushing capacity of Norway's three vegetable oil extraction plants.

While current demand for soybean oil, set at 15,000 to 16,000 tons, does not require full use of this capacity, crushers are anticipating heavier demand from the margarine industry. For this reason, one crusher recently installed new extraction equipment which will increase total soybean handling capacity to 120,000 and 130,000 metric tons a year, while another is in the process of converting unused marine oil hardening equipment to soybean oil. The 80,000 tons of soybean meal obtained from crushing has a ready market in livestock feeds, augmented by U.S. meal imports.

Another factor expected to push U.S. soybean sales higher is the demand for high-quality margarine made from 100-percent vegetable oils. One margarine manufacturer is already advertising his product as "made entirely from soybean oil."

Imports of whole soybeans and soybean meal are duty free; soybean oil is subject to a small duty to protect the Norwegian processor. Since whole beans make up the largest class of Norwegian imports, most U.S. exporters can ship duty-free.

European Prospects for U.S. Cattle, Beef

Marketing efforts in behalf of U.S. cattle and beef in Europe are producing encouraging prospects, according to the three-man team of livestock and meat experts who returned late last month from a 2-week market analysis trip to four of Europe's principal trade centers—Paris, Hamburg, Rotterdam, and Rome.

The team, headed by Jay Taylor, U.S. livestock leader from Amarillo, Texas, also participated in the Meat Marketing Seminar held in conjunction with the U.S. Exhibit at the LEFA International Food Fair in Hamburg, Germany. Mr. Taylor, who headed the President's special Beef Mission to Europe in May, was accompanied by Foster Pickett, also of Amarillo, and Donald M. Rubel, Assistant Administrator, Foreign Agricultural Service.

In reporting to the U.S. Department of Agriculture upon his return, Mr. Taylor said: "I think American cattlemen and farmers can expect that if our cattle and beef prices are reasonably competitive, we have a good chance to sell some American beef—either live cattle or slaughtered—to the major European countries.

"I found great interest in veal calves and 700-pound feeder cattle of rather plain quality. Also, for delivery about November and December, there is going to be a demand for 800-to-850-pound grass-fed, 2-year-old steers, and I even think there will be a desire for some canner cows if we are competitive in this market."

The Meat Marketing Seminar was attended by some 200 meat and cattle importers, meat wholesalers, and packers from West Germany and other European countries.

Leonard Westerbarkey, president of the German Federal Association of Meat Importers and Wholesalers, told the group: "We German importers realize there still are great difficulties hindering beef trade between the United States and Germany, but we do not consider them insurmountable. We will come to the United States, study your situation there, and evaluate what we have found. I can assure you that we will cooperate with you to develop a market for both of us."

Irish Open New Vegetable And Fruit Processing Plant

Ireland's largest private vegetable processing factory was recently opened in Banagher, County Offaly, by Prime Minister Lemass who stated its success would be determined by "adequate supplies, high skills, and energetic and sustained market development."

The factory, owned and operated by Ever-Fresh Foods, Ltd., will export 75 percent of its production—3.3 million pounds of frozen fruits and vegetables a year — mostly to the United Kingdom. The United Kingdom also ranks as the United States' No. 1 European customer for frozen vegetables, No. 3 market for frozen fruits.

Plant output will consist of locally grown green spinach, peas, beans, cauliflower, broccoli, brussels sprouts, strawberries, and raspberries; for the first year, production is valued at about $1 million.

The Government of Ireland provided about half of plant cost as part of its Economic Expansion Program to stimulate agricultural enterprise.

Greece Suspends Import Duties on Animal Products

To keep consumer prices as low as possible and stem inflationary tendencies ascribed to increases in world prices and domestic shortages, the Greek Parliament on July 29, 1964, suspended for the July-October period import duties on the following live animals, meat and dairy products:

- Live animals of the bovine species (tariff paragraph 01.02);
- Fresh or chilled meat of animals of the bovine species (paragraph 02.01 A/la);
- Cooking butter, melted, as well as sheep and/or goat butter for melting, whether or not salted (paragraph 04.03);
- Soft white "feta" cheese in brine (paragraph 04.04 B 1) and hard "kasseri" cheese (paragraph 04.04 B 2).

Higher Freight Rates on New Zealand Meat

Effective September 1, 1964, higher overseas freight rates became effective on New Zealand's exports of meat, wool, other meat animal products, dairy products, and fruit to North America and Western Europe.

The increases are imposed by the New Zealand European Shipping Association, which was formed in July 1963. The rate for exports of frozen boneless beef to the United Kingdom was increased from 2.5 to 2.7 cents per pound and that for shipments to the United States, from 3.6 to 3.7 cents.

NEW FREIGHT RATES ON NEW ZEALAND MEAT PRODUCTS TO WESTERN EUROPE AND NORTH AMERICA
(Net weight)

Kind of meat and packing	Western Europe (U.K., France Germany)		North America (Gulf and east coast)	
	Pence per lb.	*Cents per lb.*	*Pence per lb.*	*Cents per lb.*
Mutton carcasses [1]	3.11	3.6	3.94	4.6
Lamb carcasses [1]	3.71	4.3	4.50	5.3
Lamb carcasses over 42 lb.[1]	3.11	3.6	3.94	4.6
Beef, frozen, other than in cartons Veal, other than in cartons [1]	30.1	3.5	3.87	4.5
Variety meats in cartons [2]	2.43	2.8	3.29	3.8
Legs, shoulders, or pieces of mutton and/or lamb other than in cartons	3.22	3.8	4.03	4.7
Meat in cartons, other than offals, bacon, ham, shoulders, or lamb [2]	2.32	2.7	3.19	3.7
Lamb, in cartons [2]	2.94	3.4	3.68	4.3
Chilled beef	4.19 [3]	4.9	4.96 [3]	5.8

[1] Includes split carcasses. [2] Gross weight. [3] Calculated at a displacement of 105 cubic feet of space per long ton. The actual rates are based on the capacity of each chilled beef chamber as agreed between the shipping companies and the New Zealand Board, plus the cost of carbon dioxide gas used on the voyage.

Producer's Group Advocates EEC Program for Wool

The European Common Market Farmers' Organizations Committtee has forwarded to the EEC Commission a program to set up a common agricultural policy for sheep and wool. The suggestions cover prices, consumption, imports, and exports of wool within the EEC.

There are about 18.0 million sheep on farms in the European Common Market, including 8.9 million in France, 7.8 million in Italy, and 1.1 million in West Germany. However, wool production amounts to only about 5 percent of EEC wool requirements. Australia, New Zealand, the Republic of South Africa, and Argentina are the principal foreign suppliers.

Production payments are suggested for each pound of domestic wool produced in order to compensate for the lack of customs protection. It is recommended that a market stabilization program be inaugurated similar to that in effect in Australia and South Africa so as to limit price fluctuations. The production payments and market purchase programs would be financed from money collected from a European fund for wool. This fund would be obtained by the introduction of an internal circulation tax.

At the present time there is no duty on raw wools entering the Common Market from outside, and the common external duty on imports of lamb and mutton is gradually being adjusted to 20 percent ad valorem.

The United Kingdom's Lard Imports Up

U.K. lard imports in the first half of 1964 totaled 307 million pounds—26 percent larger than in the same period of 1963. This gain reflects the lower prices for lard compared with vegetable and marine oils for manufacture of shortenings.

Imports from the United States this year were nearly 280 million pounds—39 percent more than in the first half of last year—and made up 91 percent of U.K. imports compared with 82 percent in 1963.

Total lard imports in June amounted to 70 million pounds, of which 94 percent originated in the United States. There have been no imports of lard from Poland, Bulgaria, and Rumania this year.

U.K. IMPORTS OF LARD, JANUARY-JUNE 1963 AND 1964

Country of origin	1963		1964	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	201,482	82.3	279.858	91.1
Germany, West	7,655	3.1	6,639	2.2
France	11,902	4.9	5.996	2.0
Denmark	7,629	3.1	5,671	1.8
Belgium	7,148	2.9	5,289	1.7
Sweden	2,561	1.0	1.829	.6
Netherlands	2,863	1.2	1,308	.4
Others	3,548	1.5	574	.2
Total	244,788	100.0	307,164	100.0

Henry A. Lane and Co., Ltd.

Republic of South Africa Importing Pork

The Republic of South Africa has been importing pork during much of 1963 and 1964 because of the relatively high prices there.

Imports of bacon from Southern Rhodesia between March and November 1963 amounted to 438,000 pounds. Imports have been considerably greater this year during January 1-August 3, 827,000 pounds of Rhodesian bacon and 419,000 pounds of New Zealand bacon and carcasses. A consignment of 336,000 tons of bacon and sides will be imported from Sweden in September.

Pork imports from the United States are not permitted because of the U.S. hog cholera situation.

Australian Meat Shipments to the United States

Five ships left Australia during July with 13,050,240 pounds of beef and 31,360 pounds of mutton for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Eastern and Gulf ports			*Pounds*
Aden	Charleston	Aug. 22	Beef	376,320
July 27	Norfolk	25	Beef	376,320
	Philadelphia	27	Beef	454,720
	New York	29	Beef	1,265,600
	Boston	Sept. 2	Beef	262,080
Coral Sea	Houston	Aug. 22	Beef	172,480
July 27	New Orleans	24	Beef	257,600
	Tampa	27	Beef	732,480
	Philadelphia	Sept. 1	Beef	78,400
	New York	3	Beef	1,518,720
	Boston	9	Beef	273,280
Pioneer Reef	Charleston	Aug. 29	Beef	120,200
July 28	New York	Sept. 4	Beef	268,800
			Mutton	4,480
	Philadelphia	6	Beef	33,600
	Baltimore	8	Beef	389,760
Cap Blanco	Charleston	Aug. 26	Beef	197,120
July 31	Norfolk	28	Beef	244,160
	Philadelphia	30	Beef	114,240
	New York	Sept. 1	Beef	1,238,720
	Boston	6	Beef	150,080
	Western ports			
Cap Vilano	Tacoma	Aug. 15	Beef	792,960
July 30	Los Angeles	22	Beef	1,908,480
	San Francisco	24	Beef	1,693,440
			Mutton	26,880
	Seattle	—	Beef	127,680

[1] Cities listed indicate location and usually the port of arrival, but meat may be diverted to other areas for sale.

Japan/Communist China Agree on Soybean Shipments

Japan and Communist China have agreed on a price for 30,000 metric tons (1.1 mil. bu.) of soybeans for August-September shipments, according to usually reliable sources. The 30,000 tons is part of the 250,000 tons (9.2 mil. bu.) established as a target for 1964 under the long-term agreement made in Peking in September 1963 (*Foreign Agriculture*, Feb. 3, 1964).

The price reportedly was fixed at £32.14.0 (US $19.56) per metric ton f.o.b., or approximately $98 per ton c.&f., based on an estimated freight rate of $7 per ton to Yokohama. U.S. No. 2 soybeans were being offered in mid-August at around $106 per metric ton c.&f. Japan, including about $10 ocean freight from gulf ports. The lower price for Chinese beans is said to be due to lower freight costs and lower oil content of beans.

Of this 30,000 tons, almost 20,000 are reportedly sold to miso/shoyu manufacturers who prefer the higher protein Chinese beans. U.S. beans are used for oil crushing.

Because price negotations failed no shipments were made against the June-July quota of 45,000 tons scheduled under the long-term agreement. The Chinese reportedly sold the beans elsewhere.

However, during the Canton Fair—April 15-May 14—35 Japanese firms designated by the Communist Chinese Export Sales Organization as "friendly firms" signed contracts to purchase 45,000 tons of Chinese beans for May, June, July shipment at a single price of £34 (US$95) per ton, f.o.b. On July 7 the Japanese press reported that nearly half of the 45,000 tons might not be acceptable because oil crushers were complaining that the price was too high and, moreover, that the price was set at the high level for "political consideration."

Trade sources indicated that there would be an average loss of 2,500 yen (US$6.94) per ton on all beans imported by the "friendly group" at this price. A compromise reportedly has been reached recently with the price remaining at £34 on condition that the shipping period for the contract be extended to include August without adding any carrying charges.

During the first 6 months of 1964, Japan imported approximately 153,000 tons (5.6 mil. bu.) of Chinese soybeans. Of this volume, about 120,000 tons was shipped under the long-term agreement and the balance—33,000—through the friendly firms arrangement. A portion of the 33,000 tons (exact quantity is not available) was a carryover from arrangements negotiated at the Canton Fair in the fall of 1963, at which time a total of 26,000 tons was agreed upon.

It is estimated that 205,000 tons (7.5 mil. bu.) will be imported during this calendar year under the long-term agreement. In addition, "friendly firms" imports are expected to total at least 45,000 tons. The carryover mentioned earlier would be in addition to this estimated 250,000 tons.

France Guarantees Purchase of Senegalese Peanuts

The Senegalese Finance Minister and the French Cooperation Minister signed an agreement on August 6 in Paris, according to the press, under which France agrees to a reduced support of Senegal's peanut prices for an additional year (1964-65). This came in spite of the entry, effective June 1, of the new association between the European Economic Community (EEC) and the Associated Overseas territories.

The EEC reportedly will make up the difference between 1964-65's reduced French contribution and previous subsidy levels, with France paying about 75 percent of the support price and the EEC 25 percent. Moreover, France could be expected to continue bilateral assistance to Senegal to help the Senegalese economy adapt itself to world peanut prices.

For the 1964-65 harvest, France has agreed to buy the equivalent of 483,000 metric tons of shelled peanuts (690,000 unshelled basis) at an average price of 99 French francs per quintal. Of the total, 200,000 tons are to be shelld peanuts and 283,000 are to be as oil, all at average price of Fr 99 per quintal (9.2 cents per pound), c.i.f. French ports.

In 1963-64, France is taking the equivalent of 215,000 tons of refined peanut oil in the form of shelled peanuts, crude and refined oil, at a price of Fr 105 per quintal of shelled peanuts, c.i.f. French port. This reportedly is equivalent to about 468,000 tons shelled, or 668,000 unshelled, from a commercialized harvest of 806,000 tons, unshelled. Of the remaining 138,000 tons (unshelled), Cuba, the Soviet Union, Poland, Guinea, and Mali are expected to take respectively, 20,000, 1,000, 300, 1,000, and 50 tons, shelled basis; and Senegal or neighboring African countries will purchase between 30,000 and 35,000 tons of refined oil.

In accordance with the convention between the EEC and the Associated Overseas Territories, the EEC is to give Senegal $46.7 million between 1963 and 1968. Three-fourths of this amount may be used to compensate producers for the lower prices received for their peanuts after the withdrawal of the French peanut subsidy, which

was to have terminated after the 1963-64 harvest. At least one-fourth of the total must be used to diversify production.

Senegal, by persuading France to partially renew the subsidy for 1964-65 and apparently to agree to further bilateral subsidies in the 3 harvest years following 1964-65, has again shown that it retains a privileged place among France's former African colonies.

Japan's Imports of Soybeans/Safflower at Record

Japan's imports of soybeans and safflowerseed were at record levels during January-June 1964. Imports of soybean cake and meal, while fare above those of last year, were sharply less than the 14,300 tons imported in the same period of 1962.

JAPAN'S IMPORTS OF SOYBEANS, SAFFLOWERSEED, AND SOYBEAN MEAL

Commodity and major source	1963		January-June 1963		1964	
	Quantity	Value	Quantity	Value	Quantity	Value
	1,000 metric tons	*Mil. dol.*	*1,000 metric tons*	*Mil. dol.*	*1,000 metric tons*	*Mil. dol.*
SOYBEANS						
United States	1,314.3	143.7	666.5	71.1	674.7	81.1
Total	1,544.4	167.9	773.3	82.2	827.9	97.8
SAFFLOWERSEED						
United States	195.8	22.6	56.7	7.1	102.4	11.2
Total	195.8	22.6	56.7	7.1	102.4	11.2
SOYBEAN CAKE AND MEAL						
United States	3.1	.3	.4	.1	11.9	1.3
Total	3.7	.4	.8	.1	11.9	1.3

Customs Bureau, Ministry of Finance.

Soybean imports in the first 6 months of this year, at 827,913 metric tons (30.4 million bu.), were 7 percent above those of the comparable period last year. Of the total, 81 percent was U.S. beans against 86 percent of the 1963 total.

Imports of safflowerseed, all from the United States, rose 80 percent from the previous year's level to 102,425 tons.

Imports of soybean cake and meal, virtually all from the United States, were 11,920 tons compared with only 782 tons in the first 6 months last year.

India's Sesameseed Crop Down

The final estimate by the Indian Ministry of Agriculture places India's production of sesameseed for July 1963-June 1964 at 451,943 short tons from 5,789,000 acres, compared with 511,467 from 6,147,000 acres in 1962-63.

The decrease in both acreage and production was mainly in Rajasthan and is reported to have been caused by inadequate and untimely rains during sowing, and by dry weather during the growing period.

Canada To Have Above-Average Flaxseed Crop

Canadian trade sources, in general, are now of the opinion that the Prairie Provinces probably will have a better-than-average year of flaxseed production, despite earlier pessimistic forecasts by some sources.

Losses in Manitoba, whose flax acreage made up an estimated 51 percent of the total seeded to that crop in all Provinces (*Foreign Agriculture*, Aug. 24), are not expected to be as great as indicated earlier. Yields are estimated at 10 to 15 bushels per acre; the average yield of Manitoba's 1963 flaxseed crop was 11.3 bushels.

Yields of 12 to 18 bushels have been indicated for eastern Saskatchewan and 6 to 10 bushels for the north and west; last year's average yield was 14.4 bushels. With the exception of northern areas, yields in Alberta are expected to be 12 to 20 bushels per acre as compared with last year's average of 12.2 bushels.

Spain's Estimate for Almonds Raised, Filberts Reduced

The 1964 Spanish almond crop is now estimated at 36,000 short tons (shelled)—a 5,000-ton increase over the last forecast. This would be the largest crop on record and well above the 1963 harvest (now estimated at 29,500 tons) and the 1958-62 average of 28,600 tons.

It is believed that exports for the 1963-64 season may have totaled about 23,000 tons compared with 15,000 in 1962-63. If the present crop estimate materializes, exports could approximate 26,000 tons and still permit a carryout of 5,000 tons as against a September 1, 1963 carryin of 1,500 tons.

Estimates for Spain's 1964 filbert crop, at 17,000 tons (unshelled), are 5,000 tons below the last forecast. Drought has reportedly reduced earlier prospects. The current estimate is still larger, however, than the 5-year average (1958-62) of 15,200 tons though appreciably smaller than the 1963 crop of 22,000. Exports during the 1963-64 season may have totaled 14,500 as against 10,400 in 1962-63. The 1964-65 export total is expected to be between these two figures.

Portuguese Almond Forecast Reduced

The latest estimate of the 1964 Portuguese almond crop is 3,300 short tons (shelled)—lower than earlier estimates. This is still near the average 1958-62 crops of 3,400 tons and considerably larger than the short 1963 crop of 1,300 tons.

Exports in 1963-64 may have totaled 2,300 tons, which would be down considerably from the 3,900 tons exported in 1962-63. September 1, 1963, stocks of 1,300 tons were readily exported making end-of-season stocks practically nonexistent. Exports in 1964-65 may amount to 2,900 tons.

Sweden To Import Less Sugar

A probable record crop of sugarbeets plus an unusually high sugar content in the beets point toward a substantial reduction in Sweden's 1964-65 import of sugar.

Domestic sugar production is set at about 340,000 short tons (raw value) compared with about 262,000 from the 1963-64 crop. As a result of this gain, import requirements (plus an additional 13,000 tons of sugar to be produced from beets imported from Denmark) are likely to be about 33,000 short tons. This is less than half those in most years.

Brazil's Sugar Exports To Rise in 1964-65

Northern Brazil is expecting a bumper crop of cane this year (1964-65), according to official sources, in the main cane-producing States of Pernambuco, Alagoas, and Paraíba. Of the 1 million tons of the sugar usually produced from these areas, about 600,000 will be for export—

much larger than the 350,000 originally planned.

Sales of the 1963-64 crop are practically finished, and sales are now being made against the 1964-65 crop. The bulk of this export sugar will be drawn from the initial crushings and shipped during the first half of next year.

Authorities are finishing a number of studies for merging small northeastern mills into "centrals" of larger capacity. An industrialist group is negotiating to take over and reopen the Usina Brazileira Mill, in Alagoas, which has been out of operation for years. This mill will be able to produce up to 35,000 tons.

Change in Marketing of South African, Swaziland Sugar

After December 31, 1964, South African sugar will no longer receive preference in the British Commonwealth and will be marketed on an ordinary commercial basis at ruling world prices.

This action terminates an arrangement in force since the 1961 withdrawal of the Republic of South Africa from the British Commonwealth. Under that arrangement, Great Britain has purchased 150,000 long tons (168,000 short tons) of South African sugar annually at a preferential price.

In addition, South Africa will cease marketing Swaziland's sugar; the Swaziland industry will assume responsibility for the marketing of its own sugar outside South Africa. Britain is expected to propose to other members that Swaziland join the Commonwealth Agreement effective January 1, 1965.

Brush Fires Damage Panama's Coffee Crop

Brush fires in Panama's Chiriqui region reportedly have damaged 600 acres on coffee plantations, killing an estimated 240,000 coffee trees valued at $300,000. Tentative estimates for the 1964-65 crop, however, still indicate that production may be as much as 10 percent above the 1963-64 crop of around 75,000 bags (132.3 lb.).

Exports of coffee from the 1963-64 crop totaled approximately 25,700 bags and went mainly to West Germany.

Mozambique To Process Coir Fiber

Mozambique's plans for the near future are to build five coir fiber processing plants—four in Zambezia and one in Inhambane. Because of its supply of coconuts, Mozambique could establish an important fiber industry. One firm in Rhodesia has promised to buy about 100 tons of coir fiber per month.

India's Sunn Fiber Production Increases in 1963

India's 1963 production of sunn (sannhemp) fiber was 190.4 million pounds—13.3 percent above the previous year's 168 million. Contributing to this gain were higher yields—4.1 percent above the average yield—and increased acreage—528,000 acres against 485,000 in 1962.

Sunn fiber is used principally in bags and twine.

U.S. Tobacco Imports Down Slightly

U.S. imports of tobacco for consumption totaled 81.8 million pounds in January-June 1964—down 2.7 percent from the same period last year.

A drop in imports of cigarette leaf—to 59.1 million pounds from 64.2 million—was more than enough to offset an increase in those of scrap tobacco. Major suppliers of cigarette leaf were Turkey and Greece, accounting for 51.8 million pounds.

Imports of cigar filler (stemmed and unstemmed) were also down, to 2.7 million pounds from 3.6 million.

Imports of Cuban tobaccos for consumption continued to be recorded as withdrawals from warehouse stocks, which arrived prior to the embargo of early 1962. These imports, however, were much smaller than those of several years ago, and the drop is being offset by sharply stepped-up purchases from the Dominican Republic, Colombia, and Brazil.

U.S. IMPORTS OF UNMANUFACTURED TOBACCO[1]

Kind and origin	January-June 1963	January-June 1964
	1,000 pounds	*1,000 pounds*
Cigarette leaf:		
Turkey	42,086	37,199
Greece	14,531	14,579
Yugoslavia	4,399	4,877
Lebanon	1,001	794
Italy	1,069	539
Others	1,079	1,108
Total	64,165	59,096
Cigar filler (stemmed and unstemmed):		
Cuba	1,323	1,012
Mexico	249	360
Brazil	610	351
Dominican Republic	160	344
Philippines	902	155
Colombia	209	28
Others	188	407
Total	3,641	2,657
Cigar wrapper, total	153	106
Scrap:		
Philippines	6,759	6,815
Dominican Republic	2,102	4,157
Colombia	2,266	3,798
Brazil	843	1,435
Cuba	2,011	1,374
Others	1,919	2,206
Total	15,900	19,785
Stems, total	178	157
Grand Total	84,037	81,801

[1] Includes withdrawals from bond for consumption and releases from Customs immediately upon arrival.

Bureau of the Census.

Rhodesian Flue-Cured Auction Prices

Prices of Rhodesian flue-cured tobacco on the Salisbury market averaged the equivalent of 28.9 cents for the 24th week of sales.

Cumulative season sales through the 24th week totaled 238.6 million pounds at an average of 32.8 cents. A year ago, sales were completed during the 24th week, and totaled 194.8 million pounds, at an average of 48.6 cents.

U.S. Flue-Cured Exports Rise

U.S. exports of flue-cured tobacco in fiscal 1964 totaled 425.9 million pounds (export weight) valued at $347 million, compared with 370.4 million valued at $303 million in fiscal 1963. Major markets for flue-cured, in order of importance, were the United Kingdom, West Germany, Japan, the Netherlands, Australia, Egypt, Ireland, Belgium-Luxembourg, Denmark, and Sweden. All of these countries, except Ireland, purchased more flue-cured than in the previous year.

Burley exports, according to preliminary figures amounted to 43.0 million pounds—slightly below those of fiscal 1963 when Italy purchased an unusually large quantity. Major markets for burley in fiscal 1964 were West Germany, Sweden, Mexico, Portugal, the Netherlands, and Egypt.

U.S. EXPORTS OF FLUE-CURED AND BURLEY TOBACCO
(Export weight)

Destination	Flue-cured		Burley	
	1963	1964 [1]	1963	1964 [1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
United Kingdom	99.9	132.5	0.3	0.1
Germany, West	62.0	75.8	8.7	8.6
Japan	22.2	33.1	([2])	—
Netherlands	20.8	26.1	2.0	2.9
Australia	16.8	16.9	.5	.5
Egypt	10.4	15.1	2.8	2.4
Ireland	23.1	14.6	([2])	—
Belgium-Luxembourg	11.8	14.6	.9	1.2
Denmark	10.3	11.0	1.5	1.2
Sweden	7.3	10.2	5.1	4.3
Thailand	7.5	7.6	.5	1.4
Finland	5.8	6.3	1.3	2.2
Hong Kong	5.2	6.2	1.2	1.0
Vietnam	3.4	5.7	—	.3
Malaysia [3]	5.4	4.7	—	—
Switzerland	3.2	3.8	.6	.9
Norway	5.6	3.5	.8	.5
Austria	2.3	3.3	1.1	1.0
New Zealand	4.6	2.8	.1	([2])
Portugal	2.4	2.5	4.3	4.0
Poland	—	2.5	—	1.0
Taiwan	3.3	2.2	.1	—
Italy	11.9	2.0	7.0	1.4
Mexico	1.8	1.1	4.1	4.3
Others	23.4	21.8	3.6	3.8
Total	370.4	425.9	46.5	43.0

[1] Preliminary, subject to revision. [2] Less than 50,000 pounds. [3] Includes Singapore.
Bureau of the Census.

Spanish Grain Imports To Set Record

Total grain imports into Spain during the 1964-65 marketing year (June 1-May 31) are forecast to be 23 percent above 1963-64's record imports of 2,373,000 metric tons. Imports were much smaller in 1962-63—905,000 metric tons.

The outlook for Spain's grain production in 1964-65 is 12.5 percent below the 8.9 million metric tons produced in 1963-64, reflecting short crops in all grains except corn. This is due to exceptionally dry weather followed by torrential rains.

Domestic consumption in 1964-65 is expected to remain at about the same level as during the past year, but requirements for use as feed will increase to meet the demands of an expanding livestock industry. This trend should continue in the coming years, and since the United States has ample supplies and is one of the major exporters to Spain, its share should likewise increase.

The United States has been finding an increasingly important market in Spain for coarse grains for feed. U.S. coarse grain imports into Spain and the Canary Islands have risen from 161,500 metric tons in 1959-60 to 769,400 in 1963-64, with a peak of 848,900 in 1962-63. The bulk of these coarse grains has been composed of corn and barley, with corn making up approximately 57 percent in 1959-61, 99 percent in 1962-63, and 88 percent in 1963-64.

U.S. corn exports, as such, to Spain and the Canary Islands have also been high for several years, at 841,200 metric tons in 1962-63, and 679,200 in 1963-64, compared with approximately 300,000 metric tons in 1961-62. Of last year's exports and this year's, only a fraction has gone to Spain under P.L. 480 programs. Much of the U.S. "corn" exports to Spain are also believed to serve as livestock feed.

U.S. wheat exports to Spain and the Canary Islands have been large in some recent years, with a high of over 909,000 metric tons in 1960. U.S. wheat exports may share in the increased Spanish demand expected from this year's lower output.

Japanese Chick Imports Show Sharp Increase

Japan's imports of chicks in the first half of 1964 were up substantially from the 1963 period. According to Japanese customs figures, 704,165 chicks valued at $1.1 million were purchased against 430,253 valued at $443,000 in January-June 1963. Virtually all of these—649,072—were from the United States.

Chick imports will continue to increase until the U.S.-oriented egg industry is in full operation and until similar ventures are established for meat-type birds. The bulk of the imports continue to be egg-laying stock.

Japan's Imports of U.S. Poultry Still Rising

Japan's July imports of poultry meat from the United States amounted to 235,892 pounds, compared with only 48,501 in the same month of 1963. This brings cumulative January-July imports from the United States to 6,759,304 pounds, against 445,329 in 1963. The sharp gain reflects the building up of stocks by importers in early 1964 in anticipation of the April increase in the import duty on poultry meat.

Japanese imports of poultry meat from all countries during the 7-month period totaled 7,094,403 pounds. The additional amounts were supplied by Mainland China, Denmark, Rumania, and West Germany, all of which have shown increasing interest in Japan's poultry meat market.

India To Permit Free Licensing of Cotton

The Government of India recently announced free licensing of Bengal Desi cotton for export during the 1964-65 season. This move was in keeping with the relaxation of quantitative restrictions on cotton exports as the 1963-64 season progressed.

Although cotton exports from India in the season just ended ran 25 percent below those of the previous year, total exports of about 225,000 bales (480 lb. net) were well above the announced export quota of 163,000 bales for the 1963-64 season. Pakistan reduced its cotton export duty by 50 percent in June of this year, and fear of increased competition from Pakistani styles has led the Indian cotton trade to press for a lowering of the export duty. To date, however, no such announcement has been forthcoming.

Indications of a 1964-65 Bengal crop of about 425,000 bales (480 lb. net) suggest that prices will weaken in face of a current sluggish demand for these styles. Japan has been the traditional buyer of India's exports of short staple cotton.

India's Bengal cottons average from ⅜ to½ inches in staple length and are not considered competitive with U.S. cotton.

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